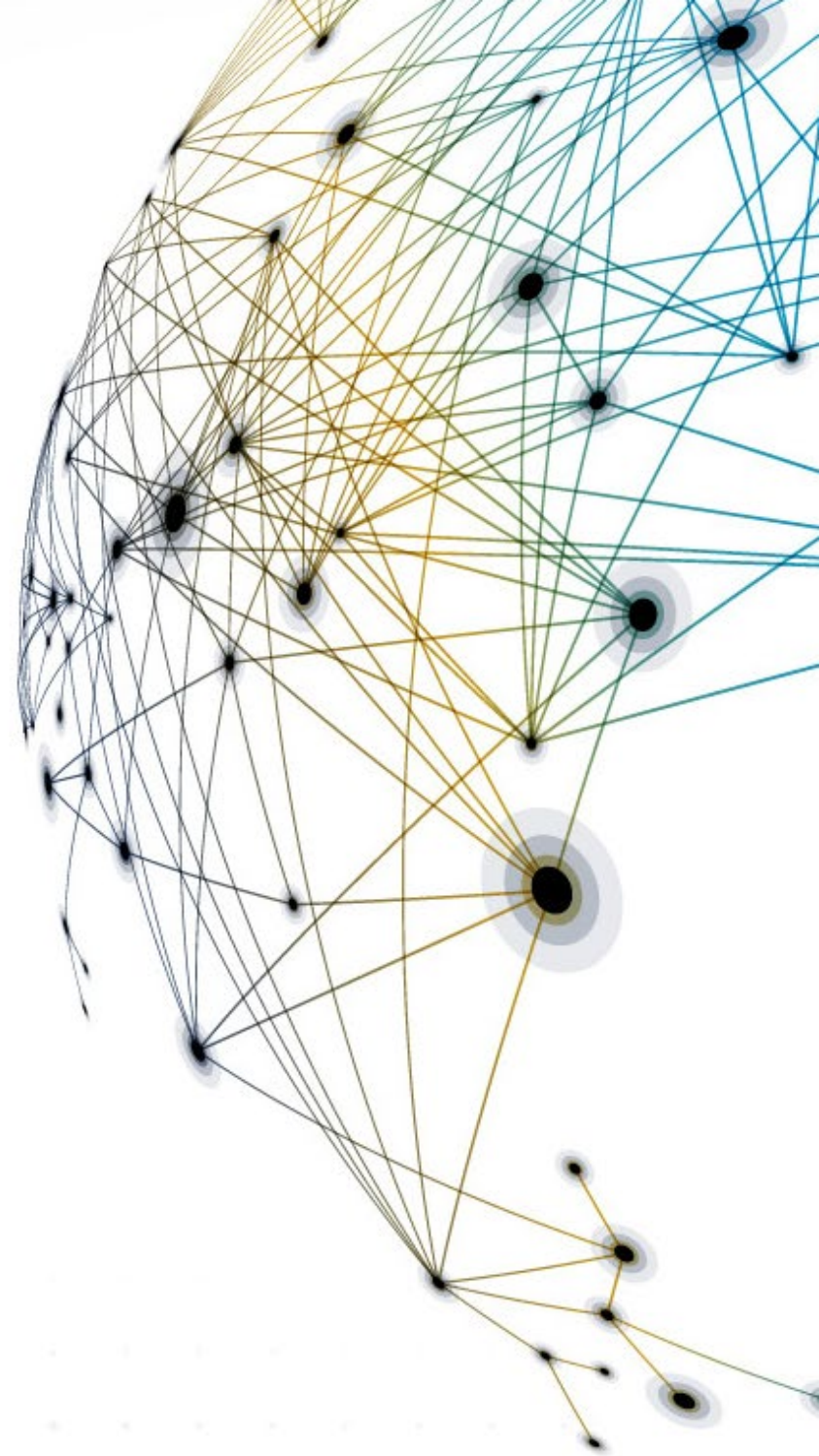




# Transparency Report 2016

[kpmg.com.au](http://kpmg.com.au)



# Introduction

The audit landscape is continually evolving, with changes in accounting and auditing standards, new enhanced audit reports and more constant regulatory reviews. And the pace of change – especially technological – continues to grow.

**In this environment, our commitment to audit quality is a constant.**

Our focus for 2016 and beyond is reviewing the depth and breadth of our learning curriculum, re-energising our audit quality coaching, and investigating a new way of analysing root causes of issues, such that we can drive holistic and sustained improvement.

Like our clients, we have embraced new and emerging technology to transform how we deliver an audit. We continue to invest in D&A capabilities, including successfully recruiting and integrating technology skilled graduates. Through this innovation we maintain a relentless focus on audit quality.

This year's Transparency Report outlines the robust programmes we have in place. It describes our investment in processes and systems that govern our approach to audit quality. These range from our extensive standards and tools, established centrally, to our embedded support networks available to every auditor. It demonstrates the fact that, in a changing and challenging world, audit quality is constantly at the heart of everything we do.

A handwritten signature in black ink, reading 'D McLennan'.

**Duncan McLennan**  
National Managing Partner  
Audit and Assurance  
October 2016



# What is audit quality?

At KPMG we consider audit quality is not just about reaching the right opinion, but how we reach that opinion. It is about the processes, thought and integrity behind the final formal audit report. KPMG views the outcome of a quality audit as the delivery of an appropriate and independent opinion in compliance with the auditing standards. This means being independent, complying with our legal and professional obligations, and offering insight and impartial advice to our clients.

## In this chapter

- The KPMG Audit Quality Framework
- Our commitment



At KPMG we consider audit quality is not just about reaching the right opinion, but how we reach that opinion. It is about the processes, thought and integrity behind the final formal audit report. KPMG views the outcome of a quality audit as the delivery of an appropriate and independent opinion in compliance with the auditing standards. This means being independent, complying with our legal and professional obligations, and offering insight and impartial advice to our clients.

## The KPMG Audit Quality Framework

We view audit quality as having seven key drivers combined with the commitment of each individual in KPMG. Audit quality is at the centre of our identity and defines our behaviour. Every KPMG member firm uses this framework to describe, focus on, and enhance audit quality.

Outside of KPMG there have been a number of attempts to define audit quality<sup>1</sup> but none have resulted in universal agreement of a definition, measures or benchmarks, or what actually drives audit quality. Perceptions of what drives audit quality vary depending on stakeholders' level of involvement with the audit process and what is important to them.

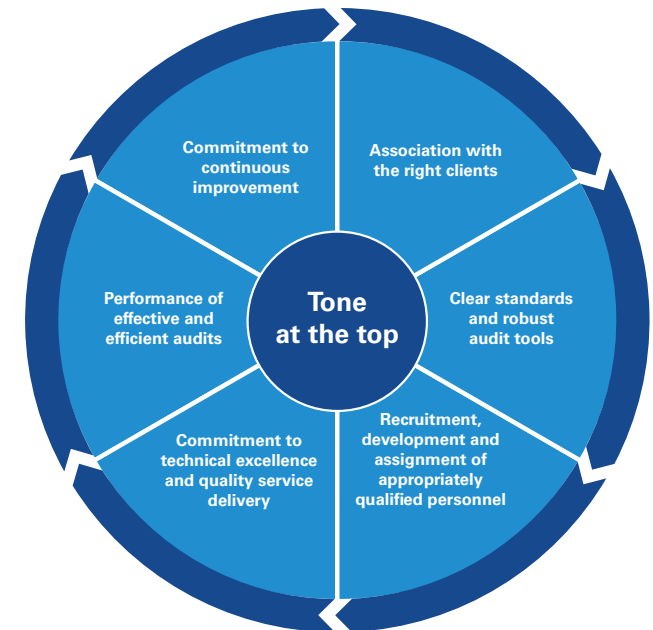
It can be difficult for clients and stakeholders to determine whether the audit is of high quality because what drives audit quality is a complex set of direct and indirect factors that are often obscured and hard to measure. Our *Audit Quality Framework* focuses on the aspects we can directly control; however, we acknowledge a number of indirect influences exist including certain corporate governance processes and our legal and regulatory environment.

### Our commitment

This report discloses the ways KPMG controls and assesses the performance of our audits. We recognise the risks associated with trying to measure something as hard to define as audit quality, along with unintended consequences such as managing to a particular number or benchmark.

We consider this report helps our performance to be evaluated by users and purchasers of audit services, including audit committees, and each will reflect on it from their perspective. We trust that our approach assists you in the execution of your responsibilities.

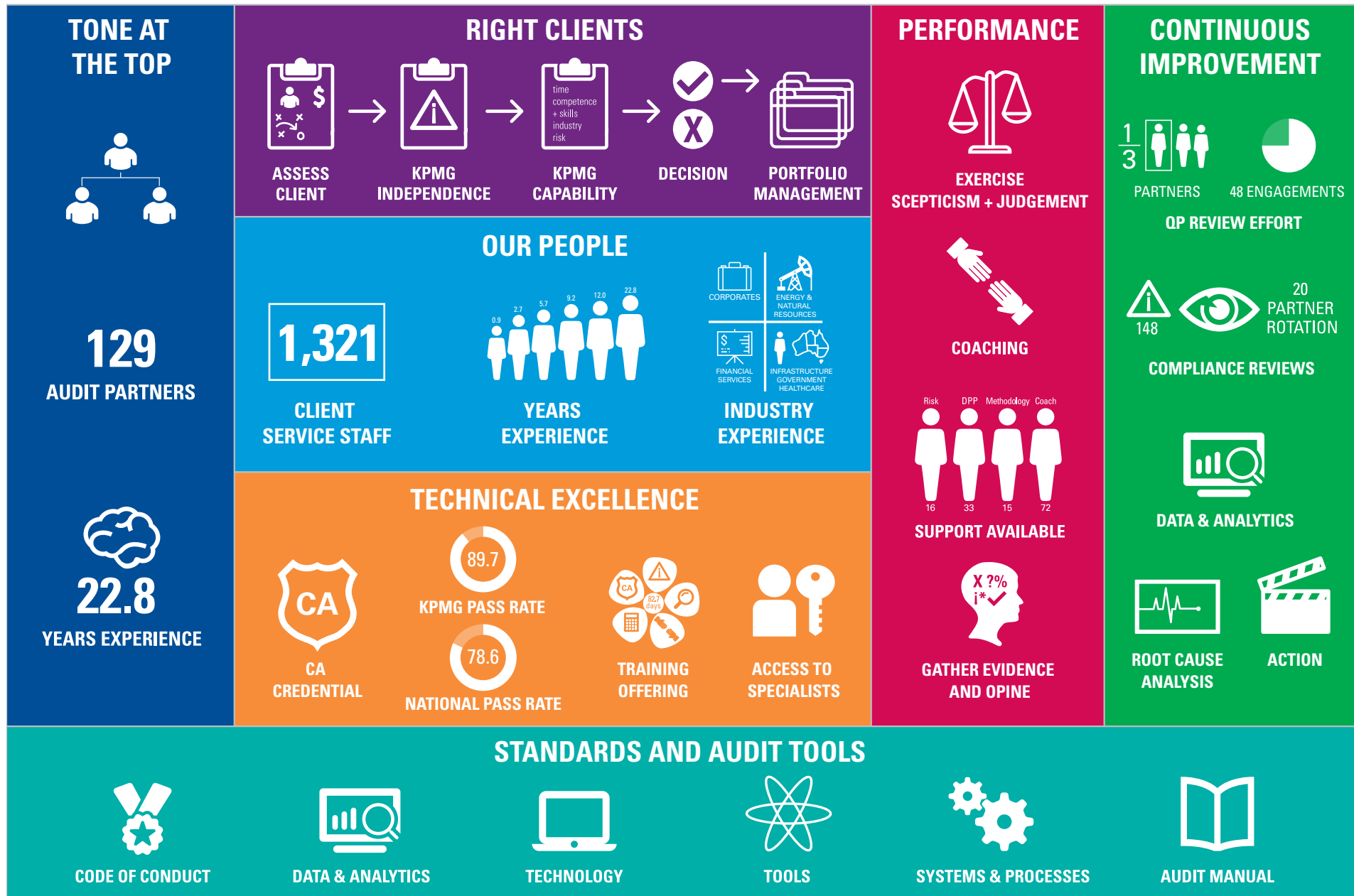
The KPMG Audit Quality Framework<sup>2</sup>



<sup>1</sup> Most recent publications include: The Federation of European Accountants, *Overview of Audit Quality Indicators Initiatives*, July 2016; The ACCA and the International Governance and Performance Research Centre, based in Macquarie University, Sydney, *Directors', CFOs' and Auditors' Perceptions of Audit Quality*, June 2016; The Center for Audit Quality, based in the US, *Audit Quality Indicators: Journey and Path Ahead* January 2016; The PCAOB *Concept Release on Audit Quality Indicators*, July 2015; The Center for Audit Quality, *CAQ Approach to Audit Quality Indicators* April 2014; International Auditing and Assurance Standards Board (IAASB), *Framework for Audit Quality: Key Elements that Create an Environment for Audit Quality* released in February 2014 ([www.ifac.org](http://www.ifac.org)), containing the observation "audit quality is a complex subject and there is no definition or analysis of it that has achieved universal recognition"

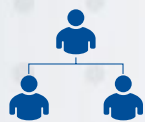
<sup>2</sup> ©2010 KPMG

## KPMG APPROACH TO AUDIT QUALITY



# Tone at the top

The tone at the top of any organisation drives its culture and accepted behaviours. We make it clear that audit quality is a critical part of our culture and values and therefore non-negotiable. Tone at the top enables the right attitude and behaviours to permeate throughout the firm through a focused and consistent voice. It is the core of our *Audit Quality Framework*.



**129**  
AUDIT PARTNERS

  
**22.8**  
YEARS EXPERIENCE

  
CODE OF CONDUCT

  
COACHING

## In this chapter

- Our culture, values and *Code of Conduct*
- Our Audit Strategy – audit quality in focus
- Governance structure
- Leadership responsibilities for quality within the firm
- Committee structures



There are a number of critical components to an effective tone at the top including:

- **Culture, values and code of conduct:** clearly stated and demonstrated in the way we work
- **Focused and well-articulated strategy:** incorporating audit quality at all levels
- **Governance structure:** with clear lines of responsibility and skilled and experienced people in the right positions to influence the quality agenda.



### Our culture, values and Code of Conduct

KPMG is committed to doing the right thing in the right way for our people, our clients and the capital markets we serve. To create this shared sense of identity we have clearly stated values<sup>3</sup> and a code of conduct against which expected levels of performance and behaviour are considered. These define who we are and how we act. The code emphasises that all partners and staff are personally responsible for demonstrating the legal, professional, and ethical standards and behaviours that apply to their role and level of responsibility.

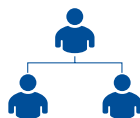
## "Above all, we act with integrity."

For us, integrity means constantly striving to uphold the highest professional standards in our work, providing sound advice to our clients and rigorously maintaining our independence and objectivity.

We communicate our values clearly to our people and we embed them into our performance appraisals and give them specific consideration for senior promotions.

### Our Audit Strategy – audit quality in focus

Our Audit Strategy clearly articulates the priority of audit quality and the service delivery standards expected of our audit partners and staff, including commitment to ethical principles. Our Audit Strategy supports our aspiration to reliably deliver independent assurance that inspires confidence amongst stakeholders. The National Managing Partner Audit and Assurance reinforces this in communications to all audit partners and staff during his periodic presentations.



### Governance structure

The Board is the principal governance and oversight body of KPMG in Australia<sup>4</sup>. Led by National Chairman, Peter Nash,

key responsibilities include overseeing strategy implementation, protecting and enhancing the KPMG brand and overseeing management of the firm.

The governance structure includes committees that have risk and quality responsibilities to oversee and influence the firm's quality agenda. However, risk management and quality control are not simply the jurisdiction of one national group or leadership roles. We view risk management and quality as the responsibility of every one of our people.

### Leadership responsibilities for quality within the firm

On every audit the assigned partner is responsible for the management and achievement of quality outcomes.

In each group or office a Partner in Charge together with dedicated risk and audit methodology partners provide support and oversight to the performance of audits. Within the audit division, the National Managing Partner Audit and Assurance, Duncan McLennan, with a dedicated Divisional

Risk Management Partner, Martin McGrath, are responsible for setting the framework for performance of high quality audits, including expected behaviours. The Divisional Risk Management Partner is accountable to the Chief Risk Officer, Tanya Gileman, who retains overall operational responsibility for our system of quality control and risk management.

The CEO, Gary Wingrove, has overall responsibility for our system of quality control and the performance of the firm.

Setting the right tone is a key responsibility of our senior leadership team. They are committed to building a culture based on quality, integrity and ethics, demonstrated through their actions, written and video communications, presentations to teams and one-on-one discussions. The focus and consistency of their message is important to reinforce our commitment to audit quality.

### Committee structures

Our structure aligns our business to optimise its in-house skills and experience, for the benefit of our clients and our people, by providing sufficient oversight and resources to influence the audit quality agenda.

Described below are the most relevant groups dedicated to achieving this objective. Further details about the firm's governance bodies are contained in Appendix 5.

### Audit Leadership Group (ALG)

This group is the governance body for our audit and assurance practice. It is responsible for the development and implementation of the audit strategy and operations. Members include the National Managing Partner Audit and Assurance, the Divisional Risk Management Partner, the Head of People for Audit and Assurance, and the Partners in Charge of each of the audit groups, structured by location and industry specialisation.

<sup>3</sup> Refer to Appendix 3 KPMG's global values  
<sup>4</sup> Refer to Appendix 5 and 6 for details on the Board

Our National Managing Partner Audit and Assurance is a member of the KPMG Global Audit Quality Issues Council, established in FY12 to facilitate the consideration of audit quality matters across our network of member firms. It is chaired by the Global Audit Quality and Risk Management Partner and reports to the Global Audit Steering Group.

### Audit Quality Committee

The Audit Quality Committee reports to the ALG and ensures risk and quality matters receive the appropriate degree of attention from the audit leadership.

Specifically its responsibilities include:

- Review of proposed significant audit initiatives ensuring the objectives and outcomes align with maintaining or enhancing audit quality.
- Recommending the strategic prioritisation, resourcing and timetabling of audit initiatives as they impact audit quality across all offices.
- Confirming the robustness of our monitoring activities as consistent with our audit quality priorities.

### Department of Professional Practice

The Department of Professional Practice (DPP) is the national centre of technical excellence responsible for: conducting technical research, interacting with local and global professional standards-setters and regulators, and providing technical accounting and auditing guidance and support to our people in the field. It is organised into three areas: Audit Quality, Financial Reporting, and US Desk. The DPP work closely with Learning & Development on technical learning matters.

Partners and senior staff primarily from the audit groups resource the DPP. They are our technical experts, with deep understanding of Australian and international standards. They take leadership positions on technical matters and are the firm's authority on audit matters.

The Australian DPP takes an influential role in many specialist areas in our Asia Pacific region and internationally. Several of our partners also hold key positions with standard setters, professional bodies and other stakeholders. They take a non-partisan and collaborative approach to improving industry standards.

Profile of the DPP	FY16	FY15	FY14
No. of Full Time Equivalent professionals in the DPP	33	33	30
Average years of experience of the DPP professionals	13	13	13

### Risk and audit methodology partners

KPMG uses embedded networks within each of the audit groups and offices to maintain our focus on audit quality. The visibility and proximity of these specialists to audit teams makes it easy to seek assistance and consult on a daily basis. Our embedded networks include the following dedicated groups.

**Risk Management Partners:** Responsible for providing leadership on audit quality and risk management and directing adherence to firm policy and professional standards. These highly experienced audit partners consult on industry and audit technical issues, assist in the identification and management of risks to audit service delivery, and have a consultative role in the identification, prioritisation and response to risks to audit quality. Our Risk Management Partners continue to dedicate significant amounts of time to one on one audit team support for complex issues such as going concern and impairment.

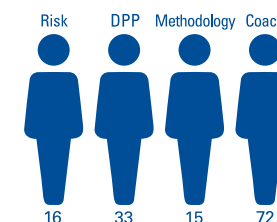
### Audit Methodology and Deployment Partners:

Responsible for assisting the local Partner in Charge, they disseminate to audit teams guidance and information relating to our interpretations of auditing standards and national initiatives to enhance quality, identify improvement opportunities and lead our methodology coaches.



**Methodology Coaches:** Responsible for assisting the Audit Methodology and Deployment Partners, they provide support to audit staff within their group. They work directly and intensively with specific audit teams, collaborating on identification of audit risks, scoping decisions and nature of testing and approaches to gathering audit evidence. Coaches also facilitate local workshops on topical matters, communicate new methodology guidance and key audit quality messages and provide input into the development of national audit quality initiatives.

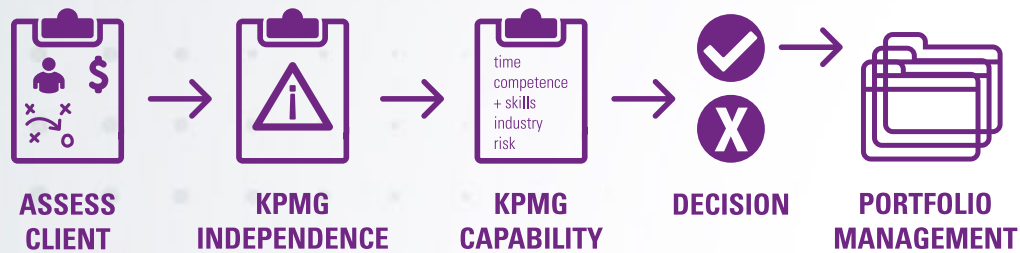
Profile of specialist networks	FY16	FY15
No. of Risk Management Partners	16	17
No. of Audit Methodology and Deployment Partners <sup>5</sup>	15	15
No. of Methodology Coaches <sup>5</sup>	72	64



<sup>5</sup> In FY15, we undertook a realignment of participants in and objectives of our embedded networks. The responsibilities of Audit Methodology and Deployment Partners and Methodology Coaches reflect this and update our previous Quality Partner and Quality Manager roles respectively.

# Association with the right clients

One of the keys to managing audit quality is to understand the nature of our clients and the issues they face and build a robust audit response to the identified risks.



## In this chapter

- Prospective client and engagement evaluation process
- Continuance process
- Safeguards and High Risk Register
- Client portfolio management



We understand our clients are linked to the quality of our work and our reputation and so we are selective about the clients we work with.

We have established policies and procedures for determining whether to accept or continue a client relationship, or perform a specific engagement. Rigorous client acceptance and continuance policies are vital to our ability to provide high-quality professional services.

### Prospective client and engagement evaluation process



A key focus of our prospective client assessment is the integrity of management and those charged with governance. With every prospective client the partner responsible conducts an evaluation of the client's principals, business and other service-related matters. This evaluation includes completion of a customised questionnaire to assess the client's risk profile and obtaining background information on the client, its key management, directors and owners.



When the engagement is to provide audit services, at least two additional risk assessment steps are incorporated. These include focusing on whether we are capable of delivering a quality audit, plus, for a first time audit, performing a review of any non-audit services provided to the client and any other relationships that may compromise audit independence.



We decline to act for a client where we are unable to deliver to our expected level of quality or would not be proud to be associated with them. Some circumstances where we consider declining are: potential impairment of independence, conflict of interest issues, concerns about management integrity, concerns about the client business model or governance structure, overly aggressive or conservative accounting policies, disputes with previous advisors, management being subject to investigation by authorities, and the competence of the client's financial management team.

*"Rigorous client acceptance and continuance policies are vital to our ability to provide high-quality professional services."*

### Continuance process

We enter into a relationship with a client expecting to provide incremental benefits and insights. Regardless of the length of time we have been associated with an audit client we re-evaluate our association to ensure we remain capable of independence and audit quality. We evaluate client relationships at least annually; and additionally if there is significant change in their business, financial position, ownership structure or issues reflecting on their integrity.

### Safeguards and High Risk Register

KPMG maintains a High Risk Register managed by the DPP and routinely reviewed by our Risk Management Partners.

Clients are placed on the High Risk Register when non-standard or additional risks are identified during acceptance or re-evaluation but we decide we are still capable of ensuring independence and audit quality. In these cases, we mandate additional risk management or quality control safeguards to the conduct of the audit. These include: supplementing the existing skills and experience of the audit team with an additional audit partner (Engagement Quality Control Review Partner), mandated consultations, specialist involvement to deliberate on a specific matter such as valuations and impairment, and performing additional audit testing. Prior to acceptance, and at least annually, a Risk Management Partner assesses these safeguards for adequacy.

### Client portfolio management



We review each audit partner's client portfolio at least annually in individual discussions with each audit partner. Audit partners consider the industry, nature and risk of the client portfolio as a whole to satisfy the Partner in Charge of their competence, capabilities and capacity to deliver a quality audit for every client.

# Clear standards and robust audit tools

Acting in the public interest, risk management and quality control are the responsibilities of every KPMG partner and staff member. We expect our people to adhere to the clear standards we set and provide a range of tools to support them in meeting these expectations.



CODE OF CONDUCT



DATA & ANALYTICS



TECHNOLOGY



TOOLS



SYSTEMS & PROCESSES



AUDIT MANUAL

## In this chapter

- Auditing and audit quality
- Accounting and financial reporting
- Ethics and Independence



These standards incorporate the relevant requirements of the *Corporations Act 2001* and of accounting<sup>6</sup>, auditing<sup>7</sup>, quality control<sup>7</sup>, ethical and professional standards<sup>8</sup>, and other relevant laws and regulations. We dedicate significant resources to keeping our standards and tools complete and up to date. Amendments to these are communicated by regular alerts and learning programs.

## Auditing and audit quality



### KPMG Audit Manual

KPMG's Global Services Centre develops the audit methodology adopted by all KPMG member firms, based on the International Standards on Auditing<sup>9</sup> (ISAs) and compliant with the International Standard of Quality Control (ISQC 1). In Australia, auditing standards (ASAs<sup>10</sup>) are legally enforceable and our DPP adapts the global methodology for these standards, and for additional requirements which we believe enhance the quality of our audits. This is set out in our *KPMG Audit Manual* (KAM).

## Technology assisting the audit process



Our audit delivery is enabled by eAuditIT, KPMG's electronic audit tool. It integrates our methodology, auditing standards and industry knowledge with the tools to facilitate the conduct of the audit and production of an electronic audit file. eAuditIT's activity-based workflow is scalable to customise the audit approach for major multi-national groups through to small or medium enterprises.

## Data and analytics (D&A) in the audit



Data and analytics is not a single process or a single product. It is the collection, organising and analysis of large sets of data to discover patterns, trends, outliers and other relevant information. We use data analysis to better understand the entities we audit, contribute to risk assessment, and provide rich audit evidence, adding confidence and valuable insights. For D&A to be effective we use:

- specialist technology tools to interrogate entire client data populations, automating the analysis of data into trends, and flagging unexpected data changes
- models and benchmarks to set the baseline expectations which take into account industry or geography-specific data trends
- the skill of our partners and staff to convert data testing results into audit evidence, by applying our knowledge of the business combined with professional scepticism, to identify unusual trends or anomalies.

We use these techniques throughout the audit and provide deeper business reporting to our clients. Data and analytics provides rich objective audit evidence, allowing us to focus our judgements on higher risk areas.

## Other tools and templates to assist the audit process



To maximise audit effectiveness and efficiency, we continually develop and distribute audit quality updates. These include templates, tools, checklists, quick reference cards and practice aids. Two new key tools are our Dynamic Risk Assessment and Lean in Audit. These are impacting the way we audit and respond to the increasing demands to deliver value beyond the binary pass/fail audit opinion.

**Dynamic Risk Assessment:** A tool supporting our audit risk assessment activities. Detecting the less obvious connections between enterprise risks is giving us new perspectives on where we focus our work.

**Lean in Audit:** A methodology to facilitate a better understanding of an organisation's processes enabling us to focus on the most important controls to their financial reporting.

An important weekly publication is the *DPP Bulletin* distributed to all audit partners and staff outlining relevant accounting, auditing and regulatory topics, new tools, and frequently asked questions and answers identified by our monitoring.

## Accounting and financial reporting

Accounting and financial reporting knowledge is core to quality service delivery and the performance of effective and efficient audits. To support the technical excellence of our people the DPP produce publications and reference materials describing KPMG's interpretations and positions on accounting standards.

## Ethics and Independence



### Quality and Risk Management Manual

Our *Quality and Risk Management Manual* collates our policies, procedures and guidance.

Based on a globally developed manual it reflects the key elements of the IESBA<sup>11</sup> Code of Ethics combined with Australian specific provisions. Where applicable, US Securities and Exchange Commission (SEC)<sup>12</sup>, US PCAOB<sup>13</sup> and other regulatory requirements are included. These policies and procedures cover personal independence, business relationships, post-employment relationships, partner rotation and approval of audit and non-audit services. Our people annually confirm their compliance with these policies and procedures.

6 Australian Accounting Standards Board [www.aasb.gov.au](http://www.aasb.gov.au)

7 Auditing and Assurance Standards Board [www.auasb.gov.au](http://www.auasb.gov.au)

8 Accounting Professional and Ethical Standards Board [www.apesb.org.au](http://www.apesb.org.au)

9 International Auditing and Assurance Standards Board [www.ifac.org](http://www.ifac.org)

10 Australian Auditing Standards

11 International Ethics Standards Board for Accountants [www.ifac.org](http://www.ifac.org)

12 US Securities and Exchange Commission [www.sec.gov](http://www.sec.gov)

13 US Public Company Accounting Oversight Board [www.pcaobus.org](http://www.pcaobus.org)

A dedicated Ethics and Independence Partner with a core team of specialists assist with the interpretation of the independence policies and safeguard against non-compliance or inconsistent application.

### Personal independence



To help ensure independence, as prescribed by our policies and the *Corporations Act 2001* and Accounting Professional & Ethical Standards Board<sup>14</sup>, our partners and the staff members assigned to each audit engagement must be free from prohibited financial interests in, and prohibited relationships with, our audit clients, their management, directors and significant owners. Independence also extends to our contractors and subcontractors, using a process tailored to their circumstances. Our people are responsible for making appropriate enquiries to ensure they do not enter into or have any prohibited personal financial interests.

We use an online independence tracking system, KPMG Independence Compliance System (KICS), with other member firms in the KPMG global network to assist our partners and staff in complying with independence policies. This system contains a current inventory of publicly available investment products, specifically identifying restricted investments. All partners, client-facing managers and audit staff are required to maintain a record of all of their investments in the system and check their permissibility before entering into any personal investment. If investments become restricted, these individuals receive automatic notification to take appropriate action which may include prompt divestment.

### Audit partner rotation

All audit partners are subject to the rotation provisions of the *Corporations Act 2001* and Australian professional and ethical requirements. Where relevant, the rotation requirements of foreign regulators such as the US SEC and other local regulatory requirements are also taken into account. Rotation requirements limit the number of years certain partners can provide audit services to a client.

Our Audit Regulatory Compliance database (ARC) logs and tracks a partner's period of service on a relevant audit client and can be used to manage succession planning when introducing a new audit partner to a client. It is important to us, and our clients, to maintain high quality service over the transition period.

### Non-audit services – independence systems



We have clear standards that restrict the scope of services provided to audit clients. Providing certain non-audit services to our audit clients may create threats (actual or perceived) to our audit independence, particularly if we were put in a position of auditing our own work. Professional and ethical standards restrict certain non-audit services, and all others need careful evaluation to ensure they do not create, or appear to create, an unacceptable independence threat. To safeguard our independence and prevent the provision of non-permitted services to audit clients, the audit partner uses an international proprietary system (Sentinel) to evaluate the threats arising from the provision of non-audit services and the safeguards available to address them. The audit partner reviews, and approves or denies, any proposed service for restricted clients and their affiliates by any KPMG member firm.

### Conflicts of interest

A Commercial Conflicts Resolution Committee, comprising the National Managing Partners of the divisions and the Chief Risk Officer, assesses complex cases involving multiple areas of the firm. If accepted, in some instances, we establish ethical dividers to quarantine both the people and information relating to the clients from other parties in the firm. If a potential conflict of interest cannot be resolved, we decline the engagement or prospective client.

### Internal Ethics and Compliance Hotline



KPMG maintains a confidential Ethics and Compliance (Whistleblower) Hotline, supported by an independent third party. In FY16 there were no calls to the hotline relating to audit quality (FY15: none).

The hotline is another method of reporting concerns about possible illegal, unethical or improper conduct in circumstances where our people feel uncomfortable reporting a concern through other channels. Callers' reports are handled confidentially with no retaliation or retribution.

### External complaints



KPMG maintains an international hotline available to external parties to confidentially report complaints relating to the quality of our work or our people. This is accessible through our website and via telephone and surface mail. In FY16 there were no (FY15: none) complaints regarding audit quality at KPMG in Australia registered to the international hotline.

KPMG's Terms and Conditions of Business also contain a clause outlining how complaints regarding the provision of services may be raised. During FY16 we received no (FY15: none) correspondence regarding audit quality.

14 Accounting Professional & Ethical Standards Board [www.apesb.org.au](http://www.apesb.org.au)

# Recruitment, development and assignment of appropriately qualified personnel

The assignment of audit partners and staff members with deep understanding of the client's risks and industry is one of the key drivers of audit quality. We strive for a high performing audit culture embracing continual improvement.



AUDIT PARTNERS

1,321

CLIENT SERVICE STAFF



YEARS EXPERIENCE



INDUSTRY EXPERIENCE

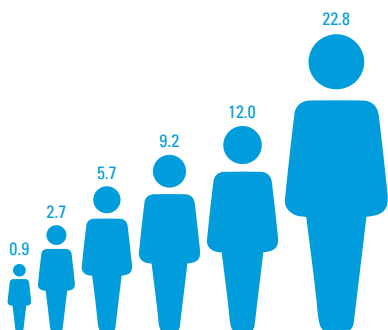
## In this chapter

- Development of skills and personal qualities
- Accreditation and licensing
- Recognition and reward
- Retention and promotion
- Partner remuneration
- Partner and staff engagement
- Assignment of audit partners and staff to audit teams



Profile of KPMG audit personnel <sup>15</sup>	FY16	FY15	FY14	FY13
No. of audit partners	129	126	132	134
No. of client service audit staff (excluding partners)	1,321	1,098	1,103	1,190

Average years of experience with KPMG	FY16	FY15	FY14	FY13
Partner	22.8	22.2	21.4	21.1
Director <sup>16</sup>	12.0	11.7	-	-
Senior manager	9.2	9.0	10.0	9.7
Manager	5.7	6.2	6.0	6.1
Senior team member	2.7	3.4	3.6	3.6
Team member	0.9	1.5	1.6	1.6



## Development of skills and personal qualities

We continually review and assess our people's capabilities and competence to perform engagements in accordance with professional standards, legal and regulatory requirements.

We understand skills develop over time and through exposure to different experiences. Our high performing audit culture program focuses on best practice behaviours in four themes: development, communication, recognition and innovation. To invest in the development of skills and personal qualities, without compromising on quality, we use a continuous learning environment with emphasis on structured courses, experiences and coaching. Experiential development includes participating in interstate and overseas assignments, secondments, and community involvement through pro-bono and volunteering opportunities.

Our KPMG Business School curriculum offers learning programs focusing on professional skills, leading self and leading people. This facilitates the development of leadership skills.

## Accreditation and licensing



Only Registered Company Auditors can perform audits conducted in accordance with the *Corporations Act 2001*. Registration is granted by ASIC<sup>17</sup> after an assessment of qualifications and competency. All our partners who sign statutory audit reports are Registered Company Auditors.

Our partners, directors and managers are subject to additional internal accreditation requirements in relation to International Financial Reporting Standards (IFRS)<sup>18</sup>, and US accounting and auditing standards. KPMG in Australia also has an Assurance Accreditation framework for partners and directors, acknowledging the need for specific skills in auditing. These frameworks specify the skills required to drive consistency and quality in the delivery of audit services. Professional qualifications, training and experience as well as satisfactory results from the firm's Quality Performance Review Program are considered to qualify and remain accredited.

For the year ended 30 June 2016, 100 percent (FY15: 97 percent<sup>19</sup>) of our eligible audit partners maintained their full Assurance and IFRS Accreditations.

"Our high performing audit culture program focuses on best practice behaviours in four themes:

- development
- communication
- recognition
- innovation"

<sup>15</sup> Figures are as at 30 June of each financial year disclosed.

<sup>16</sup> In October 2014, the audit division introduced the Director role as a new career level.

<sup>17</sup> [www.asic.gov.au](http://www.asic.gov.au)

<sup>18</sup> [www.ifrs.org](http://www.ifrs.org)

<sup>19</sup> In FY15, the firm withdrew internal accreditations to perform financial statement audits from four partners due to quality issues identified from monitoring activities. Prior to withdrawal of accreditation, each of these partners performed a small number of audits, all in respect of non-listed entities, as part of their broader portfolio of work.

## Recognition and reward



Formal goal setting and evaluation of performance is conducted and documented annually in our proprietary system, *MyPD*, with additional feedback offered to staff via engagement-specific evaluations, 360 degree feedback, and half-year checks.

An individual's accountability in achieving audit quality is a core benchmark used to assess performance and progression. Assessment of audit quality features explicitly in performance evaluation. The provision of example audit quality goals, role profiles and career plan templates assists in both setting goals and evaluating performance against expectations. Assessed skills and behaviours relating to audit quality include: delivers quality, exercises professional judgement, and strives for continual improvement.

## Retention and promotion



The results of our annual performance evaluation directly affect the promotion and remuneration of our partners and staff and, in some cases, their continued association with KPMG.

## Partner remuneration

Partner remuneration is determined annually by our National Executive Committee (NEC) and subject to review by the Partner Remuneration and Nomination Committee before Board approval. Partners are remunerated solely out of the profits of the firm and are personally responsible for funding superannuation

and most other benefits. The NEC determines the final profit allocation to partners after assessing each partner's contribution for the year.

There are two elements to partner remuneration: a base component reflective of role and seniority, and a performance-related bonus, expressed as a percentage of base remuneration, rewarding high performance against previously agreed goals, including audit quality.

A major part of an audit partner's remuneration is based on the delivery of quality audits. Compensation is based on factors including results of internal and external reviews, risk management and independence monitoring, leadership, quality client impact, delivering on our strategy, coaching and developing staff, and living the values of the firm. Audit partners' remuneration does not include any compensation specifically based on their success in selling non-assurance services to their audit clients.

## Partner and staff engagement

Bi-annually, KPMG globally invites all partners and staff to participate in our independent Global People Survey (GPS). In alternate years a short-form Pulse survey is conducted. The results, by country and function, provide leadership with information about drivers of business performance, employee engagement and motivation and enables us to see how we are progressing against strategic priorities as well as providing warning indicators if there are areas of concern.

## Assignment of audit partners and staff to audit teams



### Composition of the audit team

Audit teams generally comprise an audit partner, manager, an assistant manager or 'in charge', specialists, and junior team members. Some junior members may still be completing

their post-graduate accounting qualification, usually the Chartered Accountants (CA) Program<sup>20</sup>.

Larger engagements often have more than one audit partner assigned to support the signing partner. With multi-national audits, appropriately capable audit partners and staff are assigned from other KPMG member firms.

Audit partners are responsible for ensuring their team, including specialists, has the appropriate resources, skills, experience and time to conduct a quality audit. The team mix is dependent on the type of client and the complexity of the audit. We know that the number of team members does not necessarily equate to the quality of the audit. We take great care to assign the right people to the right clients.

### Industry expertise

Our audit clients are assigned to lines of business e.g. financial services, where they are served by industry specialists.

This allows our people to work with a specialised portfolio, maximising their understanding of the relevant business, operational and systems-

based risks their clients face and respond appropriately to address any industry specific accounting issue.



20 Chartered Accountants [www.charteredaccountantsanz.com](http://www.charteredaccountantsanz.com)

# Commitment to technical excellence and quality service delivery

Clients expect exceptional service. We ensure that our people bring to our clients the most up to the minute and accurate technical solutions and, together with our specialists, deliver valued insights and are capable of solving the most complex audit issues.



CA  
CREDENTIAL

89.7

KPMG PASS RATE

78.6

NATIONAL PASS RATE



TRAINING  
OFFERING



ACCESS TO  
SPECIALISTS



CORPORATES



ENERGY &  
NATURAL  
RESOURCES



FINANCIAL  
SERVICES



INFRASTRUCTURE  
GOVERNMENT  
HEALTHCARE

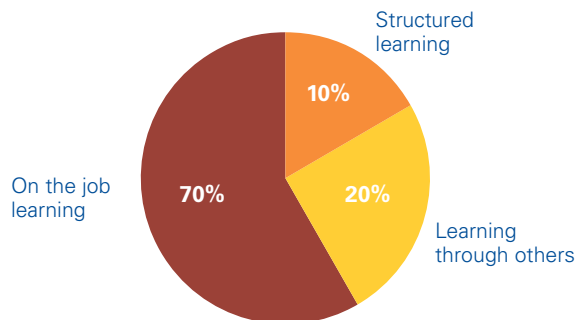
## In this chapter

- Learning programs
- Attendance and assessment of learning
- Continuing professional education
- Access to specialists



## Learning programs

Learning at KPMG uses a 70:20:10 learning model.



Our KPMG Business School curriculum offers education programs to hone technical expertise, business acumen and leadership excellence. Our Learning & Development groups develop global, regional and local learning to ensure both global consistency and local applicability.

### The Chartered Accountants Program



The Chartered Accountant (CA) qualification, awarded by the Chartered Accountants Australia and New Zealand<sup>21</sup>, (CAANZ) is the hallmark of a highly qualified and ethical accounting and auditing professional. Highly regarded by business, regulators and members of the public, it forms the foundation of our partners' and staff's technical, business and ethical knowledge.

In FY16, KPMG engaged CAANZ to run tailored CA Study Masterclass sessions specifically for KPMG candidates. Sessions are held during business hours on KPMG premises and are facilitated by CAANZ accredited facilitators who are both industry experts and Chartered Accountants.

KPMG continues providing high quality support for our CA candidates and results show our people consistently achieve better results than the average national pass rate.

CA Program Results	FY16	FY15	FY14
No. of CA program exams undertaken by staff	1,149	1,161	1,277
No. of staff who completed the CA Program <sup>22</sup>	217	222	189
CA Program results – national KPMG pass rate	89.7%	91.4%	88.8%
CA Program results – (excl. KPMG) national pass rate	78.6%	79.9%	78.8%

117



Number of KPMG merits (top 5%)

17.1%



Merits awarded to KPMG candidates as a percentage of total merits awarded

## Technical learning – auditing, financial reporting and independence



KPMG embraces a culture of active learning. We believe that our people need to continuously enhance their technical expertise in a relevant way that builds on their existing capabilities.

Technical courses covering independence, financial reporting and auditing topics are mandatory at all personnel levels. These range from independence learning as part of induction and annually thereafter through to audit partners and qualified staff attending mandatory accounting and auditing technical updates.

The topics included in audit learning are prioritised based on information from many sources such as:

- a needs analysis, conducted in Australia, and at a regional and global level
- findings from continuous improvement activities including regulatory reviews
- new, revised or emerging standards and regulations
- feedback from learners' course evaluations, including post course assessments that indicate gaps in understanding
- input nationally from risk and audit methodology partners in each office or group.

## Developing business understanding and industry knowledge



To provide quality service delivery and valued insights to our clients we frame our technical expertise within broader business knowledge. The KPMG Business School curriculum includes courses to develop business acumen, relationship skills and industry knowledge.

<sup>21</sup> Chartered Accountants Australia and New Zealand is a trading name for The Institute of Chartered Accountants in Australia and the New Zealand Institute of Chartered Accountants [www.charteredaccountantsanz.com](http://www.charteredaccountantsanz.com)

<sup>22</sup> Number of staff completing the CA Program in any given year coincides with the scheduling of the final CA Program module, *Capstone*

## Attendance and assessment of learning

Partners and staff must attend<sup>23</sup> mandatory technical learning and successfully complete a post course assessment. The assessment tests their understanding of the topics covered and has a minimum pass rate and completion deadline.

Learning and development offered to audit partners and staff during FY16 included:

Core learning days <sup>24</sup>	Team member	Senior team member	Manager & Senior manager	Director & Partner
Auditing and assurance (including professional judgement & skills), Accounting, and Financial reporting	18.7	11.4	3.0	3.0
CA candidate in-house masterclass <sup>25</sup>	9.0	9.0		
Risk Management <sup>26</sup> , including independence	0.6	0.6	0.6	0.6
Commercial and behavioural skills <sup>27</sup>	3.2	5.2	7.5	10.3
Total before specialised and non-core learning	31.5	26.2	11.1	13.9

Specialised learning is offered depending on the individual's audit client profile and includes:

- US audit and accounting learning – 1 to 4.5 days mandatory learning where the client's audit requires US specific audit and accounting application
- Coaches and champions learning – 2 additional days learning including audit methodology, D&A, sampling, technology tools and coaching techniques

Specialised industry knowledge is available through online resources and learning courses for lines of business including corporates, energy and natural resources, financial services and infrastructure, government and healthcare.

## Continuing professional education

We require all our client service partners and staff to maintain the CAANZ's standard of continuing professional education (CPE). They must obtain a minimum of 30 CPE hours annually and at least 120 CPE hours over a three-year period. To assist our people in maintaining their CPE records we offer an attendance report tracking CPE hours.

We test a sample of our partners and staff compliance with the CPE requirements in the firm's annual monitoring program.

## Access to specialists



We understand that not all audits are the same or managed in the same way, so KPMG specialists provide input on significant risks in the audit. In certain situations specialist involvement is mandated. Otherwise, the audit partner and manager determine whether to use a specialist by considering the risks for the engagement, and the nature and complexity of the information, data, or calculations to be audited. We provide additional learning on audit concepts to our specialists who are members of an audit team. Our most frequently used in-house specialist capabilities are in the areas of tax, information technology, actuarial, financial risk management and valuations.

We ensure that the full resources of the firm across all areas of our business are available to assist our audit teams. This encourages them to 'when in doubt, consult'.

"To invest in the development of skills and personal qualities, we use a continuous learning environment with emphasis on structured courses, experiences and coaching."

<sup>23</sup> If a staff member fails to attend compulsory technical learning that contributes to their accreditation they are required to review either a video recording of the learning or the leader's manual to ensure there are no knowledge gaps.

<sup>24</sup> A variety of just-in-time elearnings are available on topics including auditing, accounting, and commercial and behavioural concepts in addition to structured courses.

<sup>25</sup> A CA candidate attends, on average, an additional 3 days of learning per CA module undertaken, with 2 or 3 modules completed in a 12 month period depending on CAANZ module scheduling

<sup>26</sup> Risk Management learning is relevant for all partners and staff and in FY16 included topical matters as they related to Independence, Acting with Integrity and Privacy

<sup>27</sup> Commercial and behavioural skills learning includes business acumen, relationship skills, leadership skills and industry knowledge learning.

# Performance of effective and efficient audits

We understand that how an audit is conducted is as important as the final result. Effective and efficient audits are dependent on the demonstration of certain behaviours. We focus on these behaviours during the performance of the audit, education sessions, coaching and our review processes.



## In this chapter

- Exercise of professional judgement and professional scepticism
- Timely partner and manager involvement
- Ongoing mentoring and on the job coaching, supervision and review
- Critical assessment of audit evidence
- Efficient and effective work practices
- Materiality and a risk based audit
- Appropriately supported and documented conclusions
- Engagement quality control review partner involvement
- Insightful, open and honest two-way communications
- Clear reporting of significant findings



## Exercise of professional judgement and professional scepticism



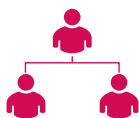
Professional scepticism involves a questioning mind and alertness to inconsistencies. It features prominently throughout auditing standards and attracts significant focus from regulators. We recognise the exercise of professional scepticism is critically important to our role as auditor.

Our global professional judgement process<sup>28</sup> enhances every individual's ability to exercise their professional scepticism. It requires consideration of possible alternatives, conflicting as well as confirming evidence, and documentation of our final judgements. The process includes ways to mitigate the effects of judgement traps and biases which may cloud our judgement.

We reinforce the use of the professional judgement process and the exercise of professional scepticism through coaching and education, acknowledging that judgement is a skill developed over time and with different experiences.

"Professional scepticism is critically important to our role as auditor."

## Timely partner and manager involvement



To identify and respond to the significant audit risks for each year's audit, every team member requires sufficient understanding of the client's business, financial position and its operating environment. Leadership and participation from the partner early in the audit directs the scope and tone and maximises the benefit of the partner's experience and skill.

The partner runs the planning meetings and reviews key audit documentation, including audit work papers that cover significant risks and audit judgements. The final audit report is also their

responsibility. The partner sets the tone on the audit by their actions and communications with the audit team, reinforcing the importance of professional scepticism and audit quality.

The manager supports the partner in these responsibilities and the day-to-day liaison with the client and team, building deep business understanding that helps the partner and team deliver valued insights.

## Ongoing mentoring and on the job coaching, supervision and review



Coaching and on the job experience play key roles in developing the personal qualities important for a successful career in auditing, including professional judgement, wisdom and instinct.

We understand that skills build over time and through exposure to different experiences. We use a continuous learning environment to invest in the building of skills and capabilities, acknowledging that a significant portion of learning occurs on the job and through others, supplementing classroom learning. A key part of effective supervision is timely review of the work performed so significant matters are promptly identified, fed back to the individual responsible and addressed in the audit.

We support a culture where every team member is responsible for building the capacity of the team, coaching and sharing experiences.

## Critical assessment of audit evidence

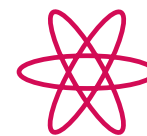


The fundamental role of the auditor is to design and perform procedures to gather persuasive evidence that the client's financial report is fairly stated and in compliance with accounting standards.

We focus on evidence gathering techniques to ensure the quality and the quantity of the evidence obtained is responsive to the assessed risks. We recognise externally sourced evidence is more persuasive. We consider all audit

evidence obtained, including conflicting or missing evidence, since the consistency of the evidence and the picture it creates is just as important as the individual evidence. The analysis of evidence requires an auditor to use professional judgement and remain professionally sceptical to ensure it is sufficient and appropriate.

## Efficient and effective work practices



A quality audit relies on a balance between effectiveness and efficiency. Inefficiency has the potential to impact quality service delivery and client satisfaction, the wellbeing of our people, and ultimately the quality of the audit itself. For example, if a partner fails to give timely and clear directions, staff may perform unnecessary procedures or lack focus, resulting in rework or overwork.

Efficient does not mean cutting corners. It means planning the audit well, leveraging technology, tools and templates, and enhancing behaviours that drive audit quality and efficiency. To allow audit teams to focus on key audit judgements we optimise onshore and offshore processes in performing the audit.

## Materiality and a risk based audit

Performing an audit uses the fundamental principles of materiality and scoping. Materiality references the precision we perform our work and assess errors, ordinarily based on a percentage of a key financial metric, such as profit. Scoping references the nature, timing and extent of procedures we perform: deep into or across certain financial statement line items particularly where the client has multiple sites, businesses, subsidiaries, or other features suggesting a disaggregation of the procedures, or both. We develop our risk-weighted audit approach, unique to each client, based on these fundamental principles.

28 The Center for Audit Quality published *Professional Judgement Resource*, August 2014, to provide auditors with an example of a decision-making process to facilitate important auditing and accounting judgments in a professionally sceptical manner ([www.caq.org](http://www.caq.org)). Its elements of an effective judgement process are consistent with our professional judgement process developed in FY11.

## Appropriately supported and documented conclusions



The audit documentation records the audit procedures performed, evidence obtained and conclusions reached on each audit engagement. It includes materials prepared by us, received from the client or from relevant third parties. Our policies require review of all working papers by a more experienced team member and audit documentation relating to critical areas of judgement must be reviewed by the partner.

Our methodology recognises that documentation prepared at the time the work is performed is likely to be more efficient and effective than documentation prepared later. Teams are required, under our policy and Auditing Standards<sup>29</sup>, to assemble a complete and final set of audit documentation for retention within an appropriate time period, ordinarily no more than 60 days from the date of the auditor's report.

## Engagement quality control review partner involvement

All listed, high risk and high public profile entity audits have an Engagement Quality Control Reviewer, a specialist audit partner assigned as an objective additional reviewer on significant and judgemental elements of the audit.

Engagement Quality Control Reviewers are experienced audit partners independent of the team, appointed by the local Risk Management Partner in consultation with the partner and local Partner in Charge. Engagement Quality Control Reviewers must have the same Assurance and IFRS Accreditation as the partner and sufficient time to carry out their review.

The Engagement Quality Control Reviewer's review must be complete and all significant questions resolved satisfactorily

before the issuance of the audit report. The extent of the review depends on the risk and complexity of the audit and does not reduce the responsibilities of the partner. A review includes assessing appropriateness of the financial statements and disclosures, significant judgements made and conclusions reached, communications with those charged with governance, and the proposed audit report. The partner, who signs the audit report, is ultimately responsible for the resolution of accounting, auditing and financial reporting matters.

## Insightful, open and honest two-way communications



Communicating with and reporting to our clients, with no surprises, underpins the quality of our audit. We strive to build relationships based on mutual respect.

A financial statement audit has two main elements, the formal audit report and s307C independence declaration<sup>30</sup>, accompanying the signed financial statements, and ongoing communications with our clients. These are the observable outputs to our clients, with the audit report and independence declaration the only observable elements to shareholders. We believe the quality of our reporting is largely dependent on our ability to optimise the inputs, as depicted in our *Audit Quality Framework*.

## Clear reporting of significant findings Communications with those charged with governance

Two-way communication with our clients, including management and audit committees, is a key aspect of our reporting and service delivery. We achieve this through reports and presentations, attendance at audit committee or board meetings, and informal discussions with management and

members of the audit committee. We stress the importance of keeping the client informed of issues arising throughout the audit and the need to listen and understand their views.

We share insights on the audit, our client's business practices, the appropriateness of accounting policies, the design and operation of financial reporting systems and controls, key accounting judgements, matters where we may disagree with management's view, and any audit differences or errors identified. We ensure these reports meet the requirements of auditing standards and share our industry experience to encourage discussion with the members of the audit committee. We see these insights as a key mechanism to support our clients in the execution of their responsibilities.

## Formal audit reports

Auditing standards and the *Corporations Act 2001* largely dictate the format and content of the independence declaration and audit report; including statements on auditor independence and the truth and fairness of the historical financial statements<sup>31</sup> of the client. Experienced partners form the audit opinion after involvement in and review of work performed by the team. The importance of ensuring the clarification of any uncertainties before signing audit reports is emphasised and well understood.

In August 2015, for the first time in Australia, KPMG issued two 'enhanced' audit reports, adopting the new ISA<sup>32</sup> principles for inclusion of key audit matters. In response to investors calling for more than just a binary pass/fail opinion, we describe the matters we considered to be key to the audit and where most effort was focused, and how our audit addressed the matter. We issued<sup>33</sup> 'enhanced' audit reports on 5 clients' 30 June 2016 financial statements, early adopting the new ASA 701<sup>34</sup> requirements for inclusion of key audit matters.

29 ASA 230 paragraph 28 Audit Documentation. ([www.auasb.gov.au](http://www.auasb.gov.au))

30 A s307C independence declaration is only required for audits of statutory financial reports and not other types of audit and assurance reports.

31 Audit and assurance reports over information other than historical financial statements are performed in accordance with Australian Auditing Standards using principles consistent with financial statement audits.

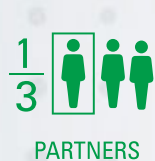
32 The Australian Auditing and Assurance Standards Board released revised standards in December 2015, with an effective date for reporting years ending on or after 15 December 2016.

33 *Key Audit Matters: Auditor's report snapshot 31 August 2016* (<https://home.kpmg.com/au/en/home/insights/2016/09/key-audit-matters-auditor-report-31-august-2016.html>)

34 ASA 701 *Communicating Key Audit Matters in the Independent Auditor's Report*, as issued by the Australian Auditing & Assurance Standards Board

# Commitment to continuous improvement

We focus on ensuring our work continues to meet the needs of the capital markets. To achieve this goal we use a broad range of mechanisms to continuously monitor our performance, respond to feedback and seek opportunities for improvement.



## QP REVIEW EFFORT



## COMPLIANCE REVIEWS



20  
PARTNER  
ROTATION



## DATA & ANALYTICS



## ROOT CAUSE ANALYSIS



## ACTION

## In this chapter

- Internal monitoring
- Quality Performance Review (QPR) Program
- Other assessments of audit quality
- Assessments of compliance with ethics and independence requirements
- External inspections
- Client feedback
- Evaluating and responding appropriately to feedback and findings

The complexity and dynamic nature of the economic environment, our clients' businesses and the accounting and auditing frameworks are challenging for us and our clients. We always aim to optimise the inputs to the audit process, but opportunities to learn and improve arise. This is why continuous improvement is a specific driver of audit quality.

We use both internal monitoring and external inspections against accepted benchmarks, to evaluate our current performance, to understand the existing quality of our audit work and prioritise the areas for improvement. To deserve the confidence of our clients, the capital markets, regulators and shareholders, we are serious about learning from every opportunity, no matter how small.

## Internal monitoring



KPMG uses two formal internal inspection programs, the Quality Performance Review (QPR) Program and the Risk Compliance Program (RCP) to annually assess audit quality and independence compliance. These programs review a sample of audit engagements and our compliance with audit methodology, the risk management and independence policies, and practices supporting our broader system of quality control. They are designed globally and incorporate the requirements of international and Australian quality control standards<sup>35</sup>. In addition to the annual programs, on a triennial basis we participate in a Global Compliance Review<sup>36</sup>, performed by a specialised team of reviewers from other member firms, to assess significant governance, risk management, independence, IT security and finance processes. Participation is a condition of ongoing membership of the KPMG network (see Appendix 2 on network arrangements for further details).

These programs assess the quality and independence of our audits by benchmarking against our global and local standards. The results enable us to provide assurance our system of quality control is complied with in practice, operating effectively and identifies any areas requiring focus and improvement.

## Quality Performance Review (QPR) Program

The global QPR Program is implemented in Australia under the authority of the Quality Performance Liaison Partner, assigned to oversee the independent and objective assessment of the firm. The program assesses performance at an engagement level and identifies opportunities to improve audit quality. Partners and teams from locations other than the office under review, including experienced partners within the global network of member firms outside KPMG in Australia, conduct the reviews.

QPR Program (audit and assurance)	FY16	FY15	FY14
Total QPR audit and assurance reviews performed	48	61	66
Percentage of High Risk financial statement audits reviewed	21	20	24
No. of partners/directors <sup>37</sup> reviewed as a percentage of total audit partners/directors	33	38	38
Percentage of listed and related entity financial statement audit reviews conducted by core review team <sup>38</sup>	82		
Percentage of reviewers who were from outside KPMG Australia	14	19	16

## Key components of the QPR Program

- Led by an experienced partner from another KPMG member firm.
- Performed by a small core team of partners who are active practitioners with industry-specific and technical knowledge, and are up to date with auditing standard requirements. A small core team improves the consistency and depth of reviews and focuses on listed and related entity audits. Non-listed audits and assurance engagements are performed by partners, directors and senior managers from our member firm and those in the Asia Pacific region.
- Review of partners work on a minimum three year rotating schedule.
- Benchmarking of work to the Australian Auditing Standards and KPMG's own standards.
- Performed soon after the conduct of the work subject to review.
- Findings provided to audit teams for implementation on future audits.
- Partners who receive 'unsatisfactory' ratings are subject to additional reviews and are automatically reviewed again in the following year.

The results are provided to leadership at office, division and firm levels. Specific accountabilities for remediation, where relevant, are identified and detailed action plans drawn up. These are reported globally and subject to ongoing review.

<sup>35</sup> International Standard on Quality Control ISQC1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and Auditing Standard ASQC1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*.

<sup>36</sup> A Global Compliance Review was undertaken during FY14 and a Green Substantial Compliance rating awarded.

<sup>37</sup> In FY16, certain Directors were granted delegated authority. To use the delegated authority, these individuals must have certain credentials and meet the quality standards expected of KPMG.

<sup>38</sup> In FY16, a core team of 5 Australian partners were identified to conduct the reviews for listed and related entity audits.

## Other assessments of audit quality



Other audit quality monitoring mechanisms include:

- **Targeted and real time reviews:** Tailored programs to assess particular attributes or focus areas of an audit, either during the audit or post completion. These identify opportunities to improve quality and effectiveness by sharing leading practices.
- **Local self-assessments of each driver of audit quality:** Conducted in each office on a six monthly basis with documented local office action plans to address issues and make improvements.
- **Accounting technical reviews of client financial statements:** Performed on a sample basis by a qualified person outside of the audit team, prior to signing the audit opinion. Over a four-year period, the sample includes all listed and high risk clients.
- **Evaluation of common consultations:** Capturing and evaluating the most common questions raised by our individual teams.
- **Post course assessments:** These test understanding of specific content and provide evidence about the quality of learning.
- **Goal setting and performance evaluation processes:** These include explicit evaluation of audit quality inputs and outcomes.

We also review audits in the rare circumstances where the financial statements or audit opinions were reissued. This identifies whether any aspect of the performance of the audit could have contributed to the

need for the reissuance. We act promptly to prevent the issue from recurring. The same applies to audits that are subject to regulatory investigation.

Findings from our risk and audit quality monitoring resulted in impacts to compensation in FY16 and/or continued ability to perform financial statement audits for a small number of partners.

## Assessments of compliance with ethics and independence requirements



We monitor our compliance with independence requirements of the Corporations Act 2001, professional ethical standards, and our mandated internal policies, systems and processes. This monitoring includes an annual declaration of compliance from partners and staff, the performance of personal independence compliance audits on a sample basis, and partner rotation compliance audits on a sample of engagements. Our annual QPR program and RCP, completed in August 2016, also test for compliance with these requirements, including partner terms on relevant audit engagements and the appropriateness of non-audit services provided.

Our independence policies are set at or above the requirements of professional standards and the Corporations Act 2001. In the event of non-compliance, the actions of partners and staff are considered by our Ethics and Independence Disciplinary Committee (EIDC) in accordance with our disciplinary policy. The severity of disciplinary actions have regard to the seniority of the

individual and/or when breaches are not self-reported, such as when identified by a compliance audit. Depending on the circumstances, disciplinary action could include: a caution letter, a disciplinary letter on the individual's personnel file, remuneration adjustment, career progression halted for 12 months or separation from the firm.

Our compliance testing identified instances of individuals not achieving full adherence to our policies and processes. The primary source of non-compliance was failure by individuals to enter or update all their, spouse's, spouse equivalent's or dependent's, investments into our investments tracking system on a sufficiently timely basis. A small number of instances related to delays in completing mandatory independence learning and annual declaration, and Code of Conduct matters arising from responses to an assertion in the annual declaration.

Key performance indicators – Ethics and Independence	FY16	FY15	FY14
No. of partners and staff subject to an independence compliance audit	148	150	169
No. of engagements subject to a partner rotation compliance audit	20	20	15

Key performance indicators – Ethics and Independence	FY16	FY15	FY14
Total no. of qualifications of an Auditors' Independence Declaration <sup>39</sup> – listed audit clients	0	0	1 <sup>40</sup>
Total no. of qualifications of an Auditors' Independence Declaration <sup>39</sup> – non-listed audit clients	0	5 <sup>41</sup>	0

<sup>39</sup> Required by the *Corporations Act 2001* section 307C

<sup>40</sup> Arose due to the majority of the shares of an audit client being acquired by a non-audit client whereupon one of the acquiring company directors was being remunerated by KPMG for consulting services. Upon identification of the new ownership of the audit client, the consulting agreement with the individual was terminated.

<sup>41</sup> In FY15, three individuals joining the firm gave rise to five qualifications of Auditor's Independence Declarations.

Four of the qualifications arose as the firm employed two non-partners who, in the immediate 12 months prior to joining KPMG, were directors of non-listed audit clients. One individual had held three director roles. In response to these circumstances, we reviewed and tightened our pre-employment screening processes. The fifth qualification arose due to a non-audit partner joining the firm while holding shares in an audit client with the lead audit engagement partner being located in the same office. Upon identification, the partner disposed of the investment immediately. None of the individuals involved in these circumstances provided audit services to audit clients on behalf of the firm.

## External inspections



We welcome the opportunity to receive feedback on audit quality from outside the firm. This enables us to recalibrate our benchmark of audit quality to an external standard.

### Australian Securities and Investments Commission (ASIC)

ASIC conducts an audit inspection program involving a review of compliance with the auditor independence and audit quality provisions of the *Corporations Act 2001*. As part of its cyclical program, ASIC commenced its ninth inspection of KPMG reviewing financial statement audit engagements onsite from June 2015, expected to complete December 2016. Our most recently completed review was finalised in August 2015<sup>42</sup> covering audits conducted for periods ended 30 June 2013 and 31 December 2013.

Our FY15 and FY16 learning forums were heavily weighted to reinforcing ASIC's messages and addressing their concerns from prior inspections and preliminary observations from the inspection in process.

We maintain a comprehensive action plan detailing feedback from monitoring activities, including ASIC inspections, possible root causes of the issues, appropriate solutions, and resulting actions. Our audit quality action plan is shared with and discussed with ASIC twice annually.

### Foreign regulators

The PCAOB released the report on their findings from the March 2014 joint inspection of our firm in October 2014 which did not identify any deficiencies in any of the three audit engagements reviewed<sup>43</sup>.

Our audit practice is registered with the US PCAOB<sup>44</sup>, Japanese<sup>45</sup>, Canadian<sup>46</sup>, Luxembourg<sup>47</sup>, UK<sup>48</sup> and German<sup>49</sup> authorities. This is necessary to either participate in audits of global clients or conduct audits of Australian clients who, owing to overseas stock exchange listing requirements, file financial statements in those jurisdictions. Apart from the US PCAOB these regulators have not inspected our firm.

### Chartered Accountants Australia and New Zealand (CAANZ)

The CAANZ regulate and govern the work of chartered accountants that perform audits. The CAANZ now review the large firms using an online qualitative audit quality survey assessing the perceptions of partner, manager, qualified staff and graduate respondent groups on drivers of audit quality.

The results of the most recent CAANZ survey, conducted in November 2011 and reported in March 2012, highlight that our partners and staff see professional scepticism and objectivity as their most significant contribution to audit quality.

## Client feedback



The KPMG Client Insights Program actively solicits feedback from clients on the quality of our services. This feedback is considered at an individual audit team level and a firm level to continually learn and improve our client service.

## Evaluating and responding appropriately to feedback and findings

The effectiveness of any response to an issue is dependent on the understanding of the root cause, the pervasiveness of the issue, the ability to tailor a solution in differing circumstances and leadership support for the solution.

We use our knowledge from past experiences and a specifically designed root cause framework<sup>50</sup> to fully understand the root cause of issues and design innovative and appropriate solutions, addressing the heart of the issue.

We use the following solutions tailored for specific situations.

- **Face to face briefings:** with individuals, using coaching techniques, in facilitated workshops, group or office wide meetings, and local or national instructor led learning sessions.
- **Topic specific guides and learning:** online instruction, guidance papers, example tools and templates, access to centrally logged frequently asked questions and answers, and other database resources.
- **Reminders and alerts:** emails, technical and organisational announcements, intranet alerts, animation and poster reminders.
- **Practice management changes:** reassignment of partners and/or staff, reassignment of internal operational roles, and additional support.
- **Behavioural motivators:** including recognition and reward.

In presenting the solutions to teams, we tell them why we are focusing on the topic and provide context to enable them to understand how these are driven from our monitoring findings.



We recognise objective feedback and a genuine commitment to continuous improvement is important to driving audit quality.

42 ASIC do not report publicly on observations and findings from individual firm inspections. ASIC's most recent public omnibus report *Audit inspection program public report for 2014-15* summarises the observations and findings identified by ASIC's audit inspection program in the 18 months to 30 June 2015 (Report 461). The report is available on their website [www.asic.gov.au](http://www.asic.gov.au)

43 The report is available on their website [www.pcaobus.org](http://www.pcaobus.org)

44 Public Company Accounting Oversight Board

45 Japanese Financial Services Authority

46 Canadian Public Accountability Board

47 Luxembourg Commission de Surveillance du Secteur Financier

48 UK Public Oversight Board

49 German Audit Oversight Commission

50 Issued globally and enhanced for local considerations

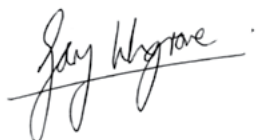
# Statement on effectiveness of system of quality control

We are confident that our framework for audit quality supports our people and enables them to provide a high level of audit quality in an independent, objective and ethical manner, maintaining public and stakeholder confidence.

This report describes our quality control systems to conduct our audits in accordance with applicable standards and laws, and highlights certain measures we consider in operating our audit practice. The results of our internal monitoring programs, consideration of our reported measures, together with feedback from independent regulatory inspections, provides the KPMG Board with a basis to conclude that our systems of quality control described in this Transparency Report are functioning effectively.



**Peter Nash**  
National Chairman



**Gary Wingrove**  
CEO



# Appendix

## 1. KPMG in Australia legal structure and ownership

The global KPMG network consists of separate independent firms that individually provide Audit, Tax and Advisory services to a wide variety of public and private sector organisations.

KPMG in Australia is a member firm of KPMG International Cooperative (“KPMG International”), a Swiss cooperative which is a legal entity formed under Swiss law. Further details about KPMG International and its business, including our relationship with it, are available in the 2015 KPMG International Transparency Report<sup>51</sup>.

KPMG operates in Australia through the KPMG Partnership (Australian Partnership) with offices in Adelaide, Brisbane, Canberra, Darwin, Gold Coast, Hobart, Karratha, Launceston, Melbourne, Parramatta, Perth, Sydney and Wollongong. The Australian firm also has two other KPMG practices sublicensed to use the name KPMG: KPMG Papua New Guinea and KPMG Fiji Islands (Sublicensees). The Australian Partnership and the Sublicensees are separate partnerships. However, under the terms of the Sublicense Agreement, the Sublicensees agree to conduct their affairs in a manner consistent with the objectives, policies, standards and procedures adopted by the Australian firm, which seeks to maintain the prestige and high professional standards associated with the KPMG name.

## 2. Network arrangements

KPMG member firms can be found in 155 countries and collectively employ more than 174,000 people across a range of disciplines.

KPMG in Australia is affiliated with KPMG International. KPMG International carries on business activities for the overall benefit of the KPMG network of member firms but does not provide professional services to clients. Professional services to clients are provided exclusively by member firms.

Under agreements with KPMG International, member firms including KPMG in Australia are required to comply with KPMG International’s policies and regulations including quality standards governing how they operate and how they provide services to clients. This includes having a structure that ensures continuity and stability and being able to adopt global and regional strategies, share resources (incoming and outgoing), service multi-national clients, manage risk, and deploy global methodologies and tools. Each member firm takes responsibility for its management and the quality of its work. Member firms are required to have the capability to provide certain types of core services and to refer work to other member firms where appropriate (for example, if the engagement concerns work in that other member firm’s country and that other member firm has the required capacity and expertise to perform the work).

A firm’s status as a KPMG member firm and its participation in the KPMG network may be terminated if, among other things, it has not complied with the policies and regulations set by KPMG International or any of its other obligations owed to KPMG International.

## 3. KPMG’s Global Values

Our commitment to transparency is an important part of our global values that state, ‘above all, we act with integrity’.

### We lead by example

At all levels we act in a way that exemplifies what we expect of each other and of our clients.

### We work together

We bring out the best in each other and create strong and successful working relationships.

### We respect the individual

We respect people for who they are and for their knowledge, skills and experience as individuals and team members.

### We seek the facts and provide insight

By challenging assumptions and pursuing facts we strengthen our reputation as trusted and objective business advisers.

### We are open and honest in our communication

We share information, insight and advice frequently and constructively and manage tough situations with courage and candour.

### We are committed to our communities

We act as responsible corporate citizens by broadening our skills, experience and perspectives through work in our communities and protecting the environment.

### Above all, we act with integrity

We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence.

51 <https://home.kpmg.com/xx/en/home/about/governance/transparency-report.html>

#### 4. Financial and other information

This section sets out financial and other information on the firm that shows the importance of statutory audit work to our overall business and results.

##### Revenue

Total revenue for KPMG in Australia for the financial years ending 30 June						
Division	FY16 \$m	FY16 %	FY15 \$m	FY15 %	FY14 \$m	FY14 %
Audit	438	32	411	34	392	35
Tax	219	16	206	17	201	18
Advisory	713	52	593	49	527	47
Total	1,370	100	1,210	100	1,120	100

Note: All figures are in Australian dollars and exclude Sublicensees

Total revenue split for the firm can be further analysed on the following percentage basis			
	FY16%	FY16%	FY15%
Audits of financial statements <sup>52</sup>	22	23	24
Assurance and other services for audit clients	11	11	13
Non-audit services for non-audit clients	67	66	63
Total	100	100	100

#### 5. Governance structure

The Board is the principal governance and oversight body of KPMG in Australia. Key responsibilities include overseeing strategy implementation, protecting and enhancing the KPMG brand and overseeing management of the firm.

Reporting to the Board are, amongst others, the following bodies:

- The CEO and National Executive Committee
- Ethics and Independence Disciplinary Committee
- Partner Remuneration and Nomination Committee
- Audit Committee

The National Executive Committee is the principal management body of KPMG in Australia. It is responsible for driving the financial performance of the business, the development and execution of strategy and establishing the processes to monitor and enforce policy compliance. Its members include the National Managing Partners of each of the Audit and Assurance, Tax, Advisory and Enterprise divisions, along with the Chief Risk Officer.

Reporting to the National Executive Committee are:

- The Service Delivery Risk Committee
- The Risk Management Group
- Ethics and Independence Disciplinary Committee

##### Primary role as it relates to quality

###### Service Delivery Risk Committee

- Oversight of risk management processes relating to service delivery to clients
- Evaluate and mitigate emerging business risks as they affect service delivery
- Recommend improvements to firm systems and processes as needed

###### Risk Management Group

- Promote processes and structures to support risk management and quality
- Design, implement, monitor and test risk and quality policies, systems and procedures
- Create tools and templates to manage compliance obligations
- Provide support and guidance to all professionals on application of appropriate policies and systems

##### Ethics and Independence Disciplinary Committee

- Deal with referrals of non-compliance with the firm's ethics and independence policies
- Determine disciplinary sanctions with the approval of the National Executive Committee and/or Board
- Recommend improvements to firm policies, systems and processes as needed

#### 6. Board members and NEC members

The Board comprises the National Chairman, the CEO and seven other members currently drawn from our Melbourne, Perth and Sydney offices. The Board met 14 times in the year to 30 June 2016.

Board members as at the date of this report are:

<b>Peter Nash</b> National Chairman Melbourne	<b>Gary Wingrove</b> CEO Sydney	<b>Liz Forsyth</b> Deputy Chair Sydney
<b>David Gelb</b> Melbourne	<b>Peter Griffiths</b> Melbourne	<b>Eileen Hoggett</b> Sydney
<b>Ian Jedlin</b> Sydney	<b>Denise McComish</b> Perth	<b>Stuart Rose</b> Melbourne

NEC members as at the date of this report are:

<b>Gary Wingrove</b> CEO	<b>John Somerville</b> Advisory	<b>Duncan McLennan</b> Audit and Assurance
<b>Rob Bazzani</b> Enterprise	<b>David Linke</b> Tax	<b>Susan Ferrier</b> People, Performance & Culture
<b>James Hunter</b> Markets & Growth	<b>Tanya Gilerman</b> Chief Risk Officer	<b>Ken Reid</b> Brand & Innovation
<b>Damian Templeton</b> CFO/COO		

52 Includes audits and reviews conducted of financial statements, pursuant to sections 292, 295, 302 and 303 of the *Corporations Act 2001*

## 7. Public interest audit clients of the firm

The Australian listed companies, listed registered schemes, Authorised Deposit-Taking Institutions<sup>53</sup>, General Insurers<sup>54</sup> and Life Companies<sup>55</sup> for which KPMG in Australia<sup>56</sup> is statutory auditor for the financial years ended in the 12 months to 30 June 2016 are:

AAI Limited
Aeon Metals Limited
Agrimin Limited
Aims Property Securities Fund
Ainsworth Game Technology Limited
ALE Property Group
Allianz Australia Insurance Limited
Allianz Australia Life Insurance Limited
Allianz Australia Limited
Alloy Resources Limited
ALS Limited
AMP Capital Global Infrastructure Securities Fund (Unhedged)
AMP Capital Global Property Securities Fund (Unhedged)
Ansell Limited
ANZ ETFS Physical Gold ETF
ANZ ETFS Physical Renminbi ETF
ANZ ETFS Physical US Dollar ETF
ANZ ETFS S&P 500 High Yield Low Volatility ETF
ANZ ETFS S&P/ASX 100 ETF
ANZ ETFS S&P/ASX 300 High Yield Plus ETF
ANZ Lenders Mortgage Insurance Pty Limited
Appen Limited
Argent Minerals Limited
Arrium Limited
Asciano Limited
Asia Pacific Data Centre Group
Asia Pacific Data Centre Holdings Limited
Asia Pacific Data Centre Trust
Aspen Insurance UK Limited – Australian Branch
Atlas Iron Limited

Attila Resources Limited
Augur Resources Limited
AusNet Services Holdings Pty Ltd
AusNet Services Limited
Austock Group Limited
Austock Life Limited
Austpac Resources NL
Australia and New Zealand Banking Group Limited
Australian Agricultural Company Limited
Australian Central Credit Union Limited
Australian Ethical Investment Limited
Australian Leisure & Entertainment Property Management Limited
Australian Leisure & Entertainment Property Trust
Australian Pharmaceutical Industries Limited
Australian United Investment Company Limited
Auto & General Insurance Company Limited
AVEXA Limited
Bank of Queensland Limited
Barclays Bank PLC – Australia Branch
Barristers Sickness & Accident Fund Pty Ltd
Base Resources Limited
Beach Energy Limited
Beadell Resources Limited
Bell Financial Group Limited
Berkley Insurance Company
BetaShares Agriculture ETF – Currency Hedged (Synthetic)
BetaShares Australian Dividend Harvester Fund
BetaShares Australian Equities Bear Hedge Fund
BetaShares Australian Equities Strong Bear Hedge Fund
BetaShares Australian High Interest Cash ETF
BetaShares Australian Top 20 Equity Yield Maximiser Fund
BetaShares British Pound ETF
BetaShares Commodities Basket ETF – Currency Hedged (Synthetic)
BetaShares Crude Oil Index ETF – Currency Hedged (Synthetic)
BetaShares Euro ETF
BetaShares FTSE RAFI Australia 200 ETF
BetaShares FTSE RAFI US 1000 ETF
BetaShares Geared Australian Equity Fund (Hedged)

BetaShares Geared US Equity Fund – Currency Hedged
BetaShares Gold Bullion ETF – Currency Hedged
Betashares Managed Risk Australian Share Fund
Betashares Managed Risk Global Share Fund
Betashares NASDAQ 100 ETF
BetaShares S&P 500 Yield Maximiser Fund
BetaShares S&P/ASX 200 Financials Sector ETF
BetaShares S&P/ASX 200 Resources Sector ETF
BetaShares U.S. Equities Strong Bear Hedge Fund – Currency Hedged
BetaShares US Dollar ETF
Betashares Wisdomtree Europe ETF – Currency Hedged
Betashares Wisdomtree Japan ETF – Currency Hedged
BHP Billiton Limited
BHP Billiton Marine & General Insurances Pty Ltd
Biotron Limited
Boom Logistics Limited
Boral Insurance Pty Limited
Boral Limited
Broadspectrum Limited
Buru Energy Limited
BWP Trust
Cabcharge Australia Limited
Calliden Insurance Limited
Caltex Australia Limited
Cardno Limited
Carlton Investments Limited
CBG Capital Limited
Centaurus Metals Limited
Centrex Metals Limited
Centuria Capital Limited
Centuria Life Limited
Centuria Metropolitan REIT
CGU Insurance Limited
CGU-VACC Insurance Limited
CIC Allianz Insurance Limited
Citibank, N.A. – Australian Branch
Citigroup Pty Ltd
Clean TeQ Holdings Limited

53 Within the meaning of the *Banking Act 1959*

54 Within the meaning of the *Insurance Act 1973*

55 As registered under section 21 of the *Life Insurance Act 1995*

56 Excludes sublicencees

Club Insurance Holdings Pty Ltd
Cochlear Limited
Cockatoo Coal Limited
Codan Limited
Collection House Limited
Community Alliance Credit Union Limited
Community CPS Australia Limited
Community First Credit Union Limited
Community Mutual Limited
Consolidated Tin Mines Limited
Corrvas Insurance Pty Ltd
Costa Group Holdings Limited
Covata Limited
Coventry Group Limited
Credicorp Insurance Pty Ltd
Credit Suisse AG – Sydney Branch
Credit Union Australia Limited
Credit Union SA Ltd
CSG Limited
CTI Logistics Limited
Cudeco Limited
Deutsche Bank AG – Sydney Branch
Diversa Limited
Diversified United Investment Limited
Domestic & General Insurance PLC – Australian Branch
Downer EDI Limited
Draig Resources Limited
DuluxGroup Limited
Eclix Group Limited
Emerging Markets Masters Fund
Employers Mutual Limited
Encompass Credit Union Limited
Enero Group Limited
Engenco Limited
Equus Mining Limited
ETFS Metal Securities Australia Limited
ETFS Physical Gold
ETFS Physical Palladium
ETFS Physical Platinum
ETFS Physical PM Basket
ETFS Physical Silver AUD
Event Hospitality and Entertainment Ltd

Finbar Group Limited
Fire Service Credit Union Limited
First American Title Insurance Company of Australia Pty Ltd
GBST Holdings Limited
Genworth Financial Mortgage Indemnity Limited
Genworth Financial Mortgage Insurance Pty Limited
Genworth Mortgage Insurance Australia Limited
Gindalbie Metals Limited
Global Petroleum Limited
Gondwana Resources Limited
Goodman Group
Goodman Industrial Trust
Goodman Limited
Goodman PLUS Trust
Gordian RunOff Limited
GPT Metro Office Fund
Great Lakes Reinsurance (UK) SE – Australian Branch
Growthpoint Properties Australia
Growthpoint Properties Australia Limited
Growthpoint Properties Australia Trust
GUD Holdings Limited
GWA Group Limited
Hallmark General Insurance Company Limited
Hallmark Life Insurance Company Limited
Hammer Metals Limited
Hannover Life Re of Australasia Ltd
Hannover Rueck SE – Australian Branch
HBF Insurance Pty Ltd
HDI-Gerling Industrie Versicherung AG
Henry Morgan Limited
HFA Holdings Limited
Hills Limited
Hospitality Employers Mutual Limited
Hotel Property Investments
Hotel Property Investments Limited
Hotel Property Investments Trust
HSB Engineering Insurance Limited – Australian Branch
IAG Finance (New Zealand) Limited
IAG Re Australia Limited
IMB Limited
Indue Ltd
Industrial and Commercial Bank of China Limited – Sydney Branch

ING Bank (Australia) Limited
ING Bank NV Sydney Branch
Insurance Australia Group Limited
Insurance Australia Limited
Insurance Manufacturers of Australia Pty Limited
InTech Credit Union Ltd
International Insurance Company of Hannover SE – Australian Branch
IOOF Holdings Limited
IVE Group Limited
Japara Healthcare Limited
John Bridgeman Limited
K2 Australian Small Cap Fund (Hedged)
K2 Global Equities (Hedged)
King Island Scheelite Limited
Korvest Ltd
Lendlease Corporation Limited
Lendlease Group
Lendlease Trust
LFI Group Pty Ltd
Link Administration Holdings Limited
Lodestar Minerals Limited
Long Grove Insurance Company Limited
Lovisa Holdings Limited
Macarthur Credit Union Limited
Macmahon Holdings Limited
Mastermyne Group Limited
MaxiTRANS Industries Limited
McAleese Limited
McGrath Limited
Medical Insurance Australia Pty Limited
Millennium Minerals Limited
Mitsui Sumitomo Insurance Company Pty Limited
Monash IVF Group Limited
Munich Reinsurance Company – Australian Branch
Munich Reinsurance Company of Australasia Limited
Mutual Community General Insurance Pty Limited
Nearmap Ltd
Newzulu Limited
Nido Petroleum Limited
NuEnergy Gas Limited
Nufarm Limited
Oilex Limited

OnePath General Insurance Pty Limited
OnePath Life Limited
oOh!media Limited
Orica Limited
Origin Energy Limited
OTOC Limited
Over Fifty Guardian Friendly Society Limited
Overseas-Chinese Banking Corporation Limited
OZ Minerals Limited
Pacific Brands Limited
Pacific Smiles Group Limited
Payce Consolidated Limited
Perpetual Equity Investment Company Limited
Perpetual Limited
Petsec Energy Limited
Pilbara Minerals Limited
Planet Gas Limited
Police Financial Services Limited
Poseidon Nickel Limited
PWR Holdings Limited
Qantas Airways Limited
QMS Media Ltd
Qudos Mutual Ltd
Quickstep Holdings Limited
RAA Insurance Holdings Limited
RAA Insurance Limited
RACQ Insurance Limited
RACT Insurance Pty Ltd
Red 5 Limited
Regis Resources Limited
Reliance Worldwide Corporation Limited
Rex Minerals Limited
Rey Resources Limited
Ridley Corporation Limited
Rubik Financial Limited
Rum Jungle Resources Ltd
Ruralco Holdings Limited
Santana Minerals Limited
Seven Group Holdings Limited
Seven West Media Limited
SG Fleet Group Limited
Shaw River Manganese Limited

Silver Chef Limited
Silver Lake Resources Limited
Sompo Japan Nipponkoa Insurance Inc – Australian Branch
South West Slopes Credit Union Limited
South32 Limited
Southern Cross Benefits Limited – Australian Branch
Southern Cross Electrical Engineering Limited
Spicers Limited
St Andrews Insurance (Australia) Pty Ltd
St Andrews Life Insurance Pty Ltd
St Barbara Limited
Standard Chartered Bank
Statecover Mutual Limited
Steadfast Group Limited
Stewart Title Limited
Sumitomo Mitsui Banking Corporation – Sydney Branch
Suncorp Group Limited
Suncorp Insurance Holdings Limited
Suncorp Life & Superannuation Limited
Suncorp-Metway Limited
Sunderland Marine Mutual Insurance Company Limited – Australian Branch
Surfstitch Group Limited
Swann Insurance (Aust) Pty Limited
Sydney Airport
Sydney Airport Limited
Sydney Airport Trust 1
Talon Petroleum Limited
Tanami Gold NL
The Bank of New York Mellon - Australia Branch
The Northern Trust Company
Thinksmart Limited
Thorn Group Limited
TNG Limited
TPG Telecom Limited
TPI Enterprises Limited
Treasury Wine Estates Limited
UGL Limited
Virgin Australia Holdings Limited
W.R. Berkley Insurance (Europe) Limited
Watpac Limited
WFI Insurance Limited
White Rock Minerals Limited

Winmar Resources Limited
Wisetech Global Limited
Xstate Resources Limited

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